

## Message Text

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70

ACTION TRSE-00

INFO OCT-01 EUR-25 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

DODE-00 PA-04 USIA-15 PRS-01 DRC-01 /160 W

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R 091703Z JUL 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3692

INFO AMEMBASSY LONDON

UNCLAS BONN 10878

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: BUNDESBANK ON PAST FOREIGN EXCHANGE TRANSACTIONS  
BETWEEN THE HILL SAMUEL BANK (LONDON) AND THE BANKRUPT  
HERSTATT BANK

1. RECENT PRESS STORIES HAVE CARRIED REPORTS OF DISCUSSIONS  
BETWEEN THE HILL SAMUEL BANK OF LONDON AND THE BUNDESBANK  
CONCERNING SPOT FOREIGN EXCHANGE TRANSACTIONS OF HILL SAMUEL  
AND HERSTATT WHICH WERE NOT YET CLEARED WHEN THE LATTER WAS  
FORCED TO CLOSE. THE BUNDESBANK, UPON OUR INQUIRY, REFERRED  
TO A STATEMENT MADE BY BUNDESBANK PRESIDENT KLASSEN IN A PRESS  
CONFERENCE AFTER THE JULY 3 MEETING OF THE CENTRAL BANK COUNCIL.  
ACCORDING TO THE BUNDESBANK AT THIS PRESS CONFERENCE KLASSEN  
MENTIONED THAT THE CHAIRMAN OF HILL SAMUEL, SIR KENNETH KEITH,  
HAD IN FACT DISCUSSED THE CONCERNED SPOT TRANSACTIONS WITH HIM.  
KLASSEN ANSWERED THAT THE BUNDESBANK HAD PROMISED KEITH THAT IT WOULD  
DO EVERYTHING IN ITS POWER TO CLARIFY THE ISSUE WHICH HE RAISED.  
HOWEVER, KLASSEN ADDED THAT THERE ARE A NUMBER OF SUCH CASES WHICH  
HAVE ARISEN BECAUSE OF TIME DIFFERENTIALS BETWEEN GERMANY AND  
THE UNITED STATES.

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2. THE BUNDESBANK EMPHASIZED TO US THAT KLASSEN'S STATEMENT DOES "NOT GO AS FAR AS PRESS REPORTS", I.E., THAT KLASSEN "ONLY EXPRESSED THE WILLINGNESS OF THE BUNDESBANK TO CLARIFY THE SITUATION" WHILE THE PRESS REPORTED EXPECTATIONS OF KEITH THAT THE CASE WOULD BE SETTLED IN THE INTEREST OF HILL SAMUEL.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BANKS, FOREIGN EXCHANGE TRANSACTIONS, LIQUIDITY (MONETARY), BUSINESS LOSSES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 JUL 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974BONN10878  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
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**Errors:** N/A  
**Film Number:** D740182-0936  
**From:** BONN  
**Handling Restrictions:** n/a  
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**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION TRSE  
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**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Classification:** n/a  
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**TAGS:** EFIN, GE, BUNDEBANK, HERSTATT BANK  
**To:** STATE  
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